FIG. 1A

I. ORIGINATION

APPLICATION: BORROWER

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ORIGINATOR

UNDERWRITING ANALYSIS
- -INCOME VERIFICATION
- -CREDIT HISTORY
- -OTHER ASSETS
- -DOWN PAYMENT

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REJECT

ACCEPT ——— INVESTORS:
PRICING/TERMS
- -MONTHLY PAYMENT
- -AMORTIZATION PERIOD
- -CAPPED MAXIMUM RETURN
- -EARLY SALE CONDITIONS

CLOSING

INVESTOR - BORROWER:	MORTGAGE PRINCIPAL $
BORROWER - INVESTOR:	MORTGAGE LOAN AGREEMENT EQUITY PARTICIPATION CERTIFICATE
BORROWER - SELLER:	DOWN PAYMENT $ MORTGAGE PRINCIPAL $
SELLER - BORROWER	TITLE

II. AMORTIZATION PERIOD - MONTHS 1 THROUGH N

PAYMENT(1)BORROWER→PERIODIC PRINCIPAL $--SERVICER_____INVESTOR

REPAYMENT -PROCESS
-CALCULATE AVG AMORT. PERIOD PRINCIPAL
(TOTAL MONTHLY PRINCIPAL OUTSTANDING
÷#MONTHS SINCE ORIGINATION)

SALE:
i. DETERMINE REALIZED APPRECIATION
NET SALE PRICE - PURCHASE PRICE)
ii. CALCULATE MAXIMUM CAPPED ANNUAL RETURN
(E.G., AVG. AMORT. PERIOD INDEX %+___%)
iii. MULTIPLY (ii.) BY AVERAGE ANNUAL PRINCIPAL
iv. DIVIDE PROCEEDS
(E.G., IF X = [NET SALES RICE - PURCHASE PRICE - (iii.)] >0,
THEN BORROWER RETAINS X)

→FINAL PRINCIPAL PAYMENT $→SERVICER__$__INVESTOR

-PROCESS
-RECALCULATE AVG AMORTIZATION
PERIOD PRINCIPAL

PAYMENT (N)

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FIG. 1B

III. POST AMORTIZATION PERIOD

SALE:
i. DETERMINE REALIZED APPRECIATION
NET SALE PRICE - PURCHASE PRICE)
ii. CALCULATE MAXIMUM CAPPED ANNUAL RETURN
(E.G., AVG. AMORT. PERIOD INDEX %+___%)
iii. MULTIPLY (ii.) BY AVERAGE ANNUAL PRINCIPAL
iv. DIVIDE PROCEEDS
(E.G., IF X = [NET SALES RICE - PURCHASE PRICE - (iii.)] >0,
THEN BORROWER RETAINS X)

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FIG. 2

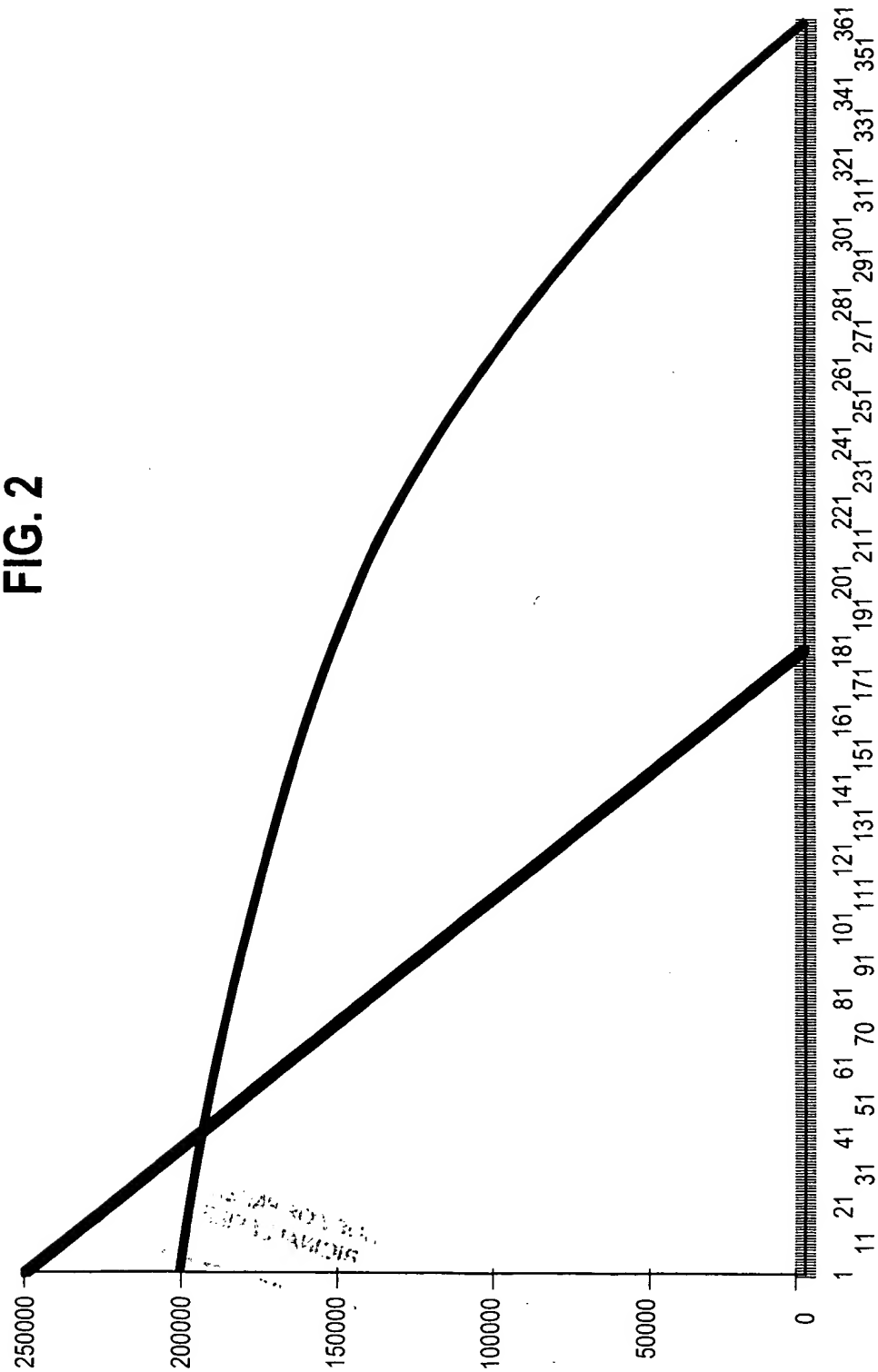
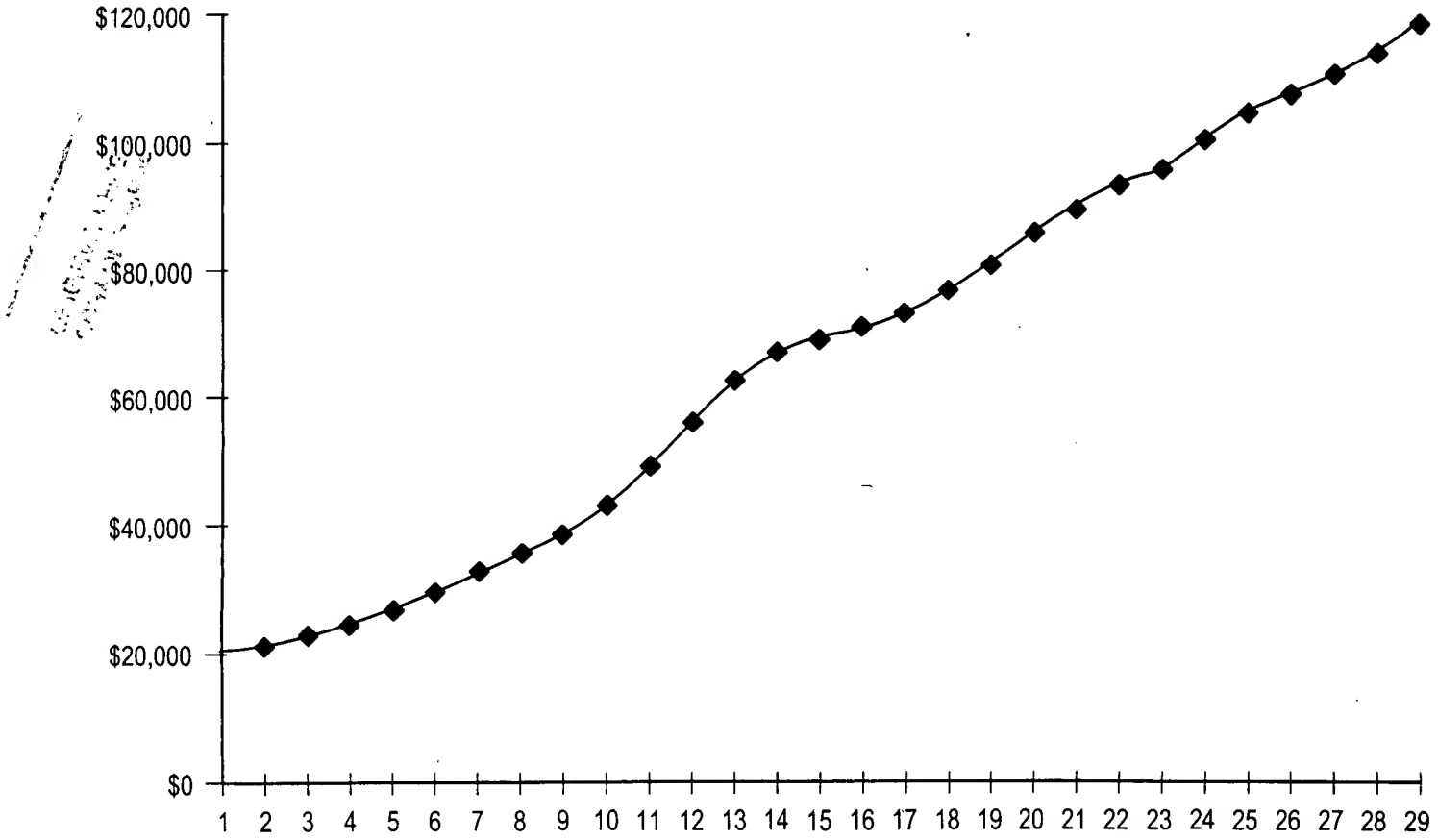


FIG. 3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